



Department of Justice

FOR IMMEDIATE RELEASE
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**LOUISIANA WOMAN'S HOSPITAL AND PHO CHARGED WITH REDUCING
COMPETITION AND DICTATING HIGHER PRICES FOR OBSTETRICAL CARE**

WASHINGTON, D.C. -- The Baton Rouge, Louisiana Woman's Hospital and the Woman's Physician Health Organization were charged today by the Department of Justice with preventing development of competition among area hospitals for inpatient obstetrical services and with dictating higher prices for physician services. The Department said that this unlawful behavior drove up costs for obstetrical care in the Baton Rouge area.

In a civil suit filed in U.S. District Court in Baton Rouge, Louisiana, the Justice Department's Antitrust Division said the Woman's Hospital and Woman's Physician Health Organization had used the incentive of higher fees to deter obstetricians and gynecologists from sending patients to competing facilities. The Department simultaneously presented the court with a proposed settlement that would resolve the lawsuit, if approved by the court.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said, "This lawsuit, following on the heels of two similar suits filed last September, demonstrates the Justice Department's continuing resolve to prevent collusive conduct by hospitals and physicians that increases the cost of health care to consumers."

The Antitrust Division's enforcement action:

- Stops the hospital and its doctors from preventing other medical facilities in Baton Rouge from providing inpatient obstetrical services.
- Prevents collusion by Woman's Hospital and its medical staff to drive up costs for obstetrical care in Baton Rouge.
- Fosters the development of lower-priced managed health care plans in Baton Rouge.

Woman's Hospital is a specialty hospital that delivers about 94 percent of the privately insured newborns in Baton Rouge, and has on its staff nearly every obstetrician and gynecologist in Baton Rouge.

The Department said that the doctors and the hospital joined forces to make sure that Woman's Hospital remained the primary provider of inpatient obstetrical services in the Baton Rouge area.

The complaint charges that, in 1993, Woman's Hospital formed an alliance with nearly every obstetrician and gynecologist in Baton Rouge serving privately-insured patients allowing the hospital to unlawfully maintain its monopoly in inpatient obstetrical services.

"By reducing, and practically eliminating, competition among the ob/gyns in Baton Rouge, and by persuading these doctors not to admit patients to competing facilities, Woman's Hospital was able to prevent the development of price competition among hospitals for inpatient obstetrical care in the Baton Rouge area," said Bingaman.

The complaint further alleges that Woman's Hospital also sought to eliminate competition for inpatient obstetrical services by attempting to get General Health Inc. to agree not to provide inpatient obstetrical care at its Health Center.

According to the complaint, the alliance established a minimum fee schedule for physician services and jointly negotiated on behalf of the doctors and the hospital with managed health care plans. The alliance appointed a consultant and a committee of non-physicians to set the fees. The resulting ob/gyn fees were substantially higher than the fees these doctors had received previously when they individually contracted with the largest managed care plan in Baton Rouge.

As required by the Antitrust and Procedures and Penalties Act, the proposed consent decree will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed consent decree during a 60-day comment period to Gail Kursh, Chief, Health Care Task Force, Antitrust Division, U.S. Department of Justice, 325 7th Street, N.W., Room 400, Washington, D.C. 20530.

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